

## Message Text

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ACTION L-01

INFO OCT-01 SS-14 ISO-00 NEA-07 NSC-05 NSCE-00 SP-02 INR-05

CIAE-00 EB-03 /038 W

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R 221345Z JUL 75

FM AMEMBASSY CAIRO

TO SECSTATE WASHDC 5330

C O N F I D E N T I A L CAIRO 7215

LIMDIS

EO 11652: GDS

TAGS: EFIN PFOR EPRS EG

SUBJECT: US CLAIMS AGAINST EGYPT (NINTH MEETING OF JOINT COMMITTEE)

REF: A. CAIRO 7075; B. CAIRO 7018 C. STATE 168774 D. 169885

1. THE NINTH MEETING OF THE JOINT COMMITTEE WAS HELD AT THE EMBASSY ON TUESDAY, JULY 22.

2. IN ACCORDANCE WITH REFTELS C AND D, US SIDE MADE STATEMENTS REGARDING (A) VALUATION OF CLAIMS ON BASIS FULL COMPENSATION IN ACCORDANCE WITH INTERNATIONAL LAW; (B) JOINT MIXED CLAIMS ARBITRAL COMMISSION APPLYING INTERNATIONAL LAW AND PRINCIPLES OF EQUITY WITH SEPARATE EXCHANGE OF LETTERS PROVIDING FOR UNBLOCKING AND RELEASE OF EXISTING AND FUTURE BANK ACCOUNTS OF US NATIONALS, AND EXCLUDING US GOVT CLAIMS; (C) GLOBAL LUMP SUM SETTLEMENT AGREEMENT ON BASIS OF MUTUALLY ACCEPTABLE ADEQUATE AMOUNT, EXCLUDING AMERICAN MISSION CASE, AFRICAN GLEN CASE AND US GOVT CLAIMS; (D) PROBLEM OF CLASSIFIED SECRET AGREEMENTS FOR US GOVT RELATING TO PAYMENT OF COMPENSATION; (E) POSTPONEMENT OF WORK ON DRAFT AGREEMENT UNTIL BROAD MODALITIES AND SUBSTANCE OF POTENTIAL AGREEMENT REACHED; (F) US GOVT SEEKING TO ADD INTEREST TO ANY AGREED AGGREGATE AMOUNT OF SETTLEMENT ON WHATEVER BASIS IN ACCORDANCE WITH INTERNATIONAL LAW, ALTHOUGH THIS IS NOT FINAL POSITION OF US GOVT AND (G) APPRECIATION FOR EGYPTIAN OFFER TO PAY ONE HUNDRED PERCENT COMPENSATION ON BASIS PART CLASSIFIED PART UNCLASSIFIED AGREEMENTS.

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3. EGYPTIAN SIDE SAID THAT ADDITIONAL USG PROPOSALS AND VIEWS WOULD BE REPORTED TO AND DISCUSSED WITHIN GOE, ESPECIALLY WITH MINISTER OF ECONOMY SHAFEL. OFFICIAL EGYPTIAN RESPONSE WOULD BE COMMUNICATED TO US SIDE IN DUE COURSE.

4. UNDER SEC DEWIDAR INDICATED THAT HE PERSONALLY WOULD PREFER AND RECOMMENDED ADOPTION OF GLOBAL LUMP SUM APPROACH AS THE MOST SUITABLE FOR OPTICAL AND SUBSTANTIVE NEEDS OF BOTH GOVTS. THERE FOLLOWED REVIEW OF CONGRESSIONAL, POLITICAL AND PUBLIC RELATIONS ASPECTS, AND PROBLEM OF MOST FAVORED NATION TREATMENT FOR THE EGYPTIANS. DEWIDAR AGREED, AGAIN ON A PERSONAL BASIS, THAT BALL WAS IN EGYPTIAN COURT TO COME UP WITH AN ADEQUATE ADMOUNT OF THE GLOBAL LUMP SUM FOR SETTLEMENT.

5. SINCE THE EGYPTIAN SIDE WAS NOT YET READY TO PROPOSE GLOBAL LUMP SUM, IT ASKED US SIDE FOR A FIGURE AS A STARTING POINT FOR NEGOTIATIONS. THE US SIDE STATED THAT IT HAD INDICATED A FIGURE OF \$16.2 MILLION PLUS INTEREST IN THE REVISED LIST IT HAD PRESENTED. HOWEVER, GIVEN RECENT ADJUSTMENTS A FIGURE OF \$12.5 APPEARED REASONABLE. TO THIS AMOUNT THE USG WOULD SEEK TO ADD INTEREST, ALTHOUGH USG POSITION IS NOT FINAL. THE PROPOSED FIGURE IS BASED ON STRAIGHT L LIST AGGREGATE AMOUNT WITH OMISSION OF AMERICAN MISSION CASE AND SS AFRICAN GLEN CASE, WITH OTHER MINOR ADJUSTMENTS. WHILE HE CANNOT STATE WITH ABSOLUTE CERTAINTY OR WITH ANY ACCOUNTING ACCURACY. HUANG BELIEVES ON BASIS BEST AVAILABLE INFORMED JUDGMENT AT THIS TIME THAT THIS FIGURE INCLUDES ABOUT \$1-1/2 - \$2 MILLION WHICH MIGHT BE USED AS TRADE-OFFS AND CONCESSIONS LATER.

6. AFTER RECESS OF MEETING, US SIDE DISCUSSED AMERICAN MISSION CASE WITH AMBASSADOR. ON BALANCE, ON BASIS OF REACHING SATISFACTORY AGREEMENT ON THIS CASE COUPLE WITH A CLEAR UNDERTAKING BY THE EGYPTIANS TO ABATE ALL PROCEEDINGS FOR BACK TAXES AGAINST THE AMERICAN MISSION THERE ARE ADVANTAGES IN INCLUDING THIS CASE IN ANY POTENTIAL GLOBAL LUMP SUM SETTLEMENT. AS A PRACTICAL MATTER IT WOULD BE EASIER TO NEGOTIATE. FOR EXAMPLE, RATHER THAN DEDUCTING THE \$1-1/2 - \$2 MILLION POTENTIAL TRADE-OFF AND CONCESSIONS, AND LATER TRY AND NEGOTIATE THAT AMOUNT BACK WITH THE FOREIGN MINISTRY FOR THE AMERICAN MISSION CASE, IT WOULD BE EASIER TO PROPOSE AS A TRADEOFF AND CONCESSION TO INCLUDE

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THE AMERICAN MISSION CASE IN THE PROPOSED \$12.5 MILLION FIGURE OR ANY OTHER FIGURE NEGOTIATED LATER. THE AMBASSADOR IS AGREEABLE TO TRY OUT THIS APPROACH. IF THE EGYPTIANS REFUSE TO AGREE, THE CASE CAN ALWAYS BE REINSTATED IN LIST OF CLAIMS TO BE SEPARATELY NEGOTIATED WITH THE FOREIGN MINISTRY. IF DEPT POSES NO OBJECTION EMBASSY WOULD REQUEST DEPT CONCURRENCE AND AMENDMENT OF INSTRUCTIONS IN REFTEL (C).

7. PENDING AGREEMENT ON ADEQUATE SUM FOR COMPENSATION, AND  
IN ORDER EXPEDITE PROCEEDINGS HUANG WILL COMMENCE WORK ON DRAFT  
AGREEMENT FOR GLOBAL LUMP SUM SETTLEMENT OF CLAIMS OF US NATIONALS  
AGAINST EGYPT. AFTER RESOLVING DIFFERENCES AT WORKING LEVEL TEXT  
WILL BE CABLED TO DEPT FOR COMMENT AND REVIEW BEFORE ITS ADOPTION AS  
RECOMMENDATIONS OF THE JOINT COMMITTEE AND REFERENDUM.

8. NEST (10TH) MEETING OF THE JOINT COMMITTEE IS SCHEDULED FOR SATUR-  
DAY, 26 JULY 1975.  
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## Message Attributes

**Automatic Decaptioning:** Z  
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**Disposition Case Number:** n/a  
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